

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF WASHINGTON
AT TACOMA

CITY OF PONTIAC POLICE AND FIRE
RETIREMENT SYSTEM, on Behalf of Itself
and All Others Similarly Situated,

Plaintiff,

vs.

ZOOMINFO TECHNOLOGIES, INC.,
HENRY SCHUCK, CAMERON HYZER, TA
ASSOCIATES MANAGEMENT, LP, THE
CARLYLE GROUP, INC., and DO
HOLDINGS (WA), LLC,

Defendants.

No. 3:24-cv-5739

CLASS ACTION

**COMPLAINT FOR VIOLATION OF THE
FEDERAL SECURITIES LAWS**

DEMAND FOR JURY TRIAL

COMPLAINT FOR VIOLATIONS OF THE
FEDERAL SECURITIES LAWS

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Plaintiff City of Pontiac Police and Fire Retirement System (“plaintiff”), on behalf of itself and all others similarly situated, by plaintiff’s undersigned attorneys, for plaintiff’s complaint against defendants, alleges the following based upon personal knowledge as to plaintiff and plaintiff’s own acts, and upon information and belief as to all other matters based on the investigation conducted by and through plaintiff’s attorneys, which included, among other things, a review of U.S. Securities and Exchange Commission (“SEC”) filings of ZoomInfo Technologies, Inc. (“ZoomInfo” or the “Company”), the Company’s press releases, analyst reports, media reports, and other publicly disclosed reports and information about the Company. Plaintiff believes that substantial additional evidentiary support will exist for the allegations set forth herein after a reasonable opportunity for discovery.

NATURE OF THE ACTION

1. This is a securities class action on behalf of all purchasers of ZoomInfo Class A common stock between November 10, 2020, and August 5, 2024, both dates inclusive (the “Class Period”), seeking to pursue remedies under the Securities Exchange Act of 1934 (the “1934 Act”) against ZoomInfo and certain of the Company’s senior executive officers and controlling shareholders.

JURISDICTION AND VENUE

2. The claims asserted herein arise under and pursuant to §§10(b) and 20(a) of the 1934 Act, 15 U.S.C. §§78j(b) and 78t(a), and Rule 10b-5 promulgated thereunder, 17 C.F.R. §240.10b-5. This Court has jurisdiction over the subject matter of this action pursuant to 28 U.S.C. §1331 and §27 of the 1934 Act, 15 U.S.C. §78aa.

3. Venue is proper in this District pursuant to 28 U.S.C. §1391(b), and §27 of the 1934 Act, because ZoomInfo is headquartered in this District and many of the acts and practices complained of herein occurred in substantial part in this District.

4. In connection with the acts alleged in this complaint, defendants, directly or indirectly, used the means and instrumentalities of interstate commerce, including, but not limited

1 to, the mails, interstate telephone communications, and the facilities of the national securities
2 markets.

3 **PARTIES**

4 5. Plaintiff City of Pontiac Police and Fire Retirement System, as set forth in the
5 certification attached hereto and incorporated by reference herein, purchased ZoomInfo Class A
6 common stock during the Class Period and has been damaged thereby.

7 6. Defendant ZoomInfo is a software and data company that provides customer
8 contact and business information to its clients. The Company is headquartered in Vancouver,
9 Washington. ZoomInfo Class A common stock is listed on the NASDAQ Global Select Market
10 (“NASDAQ”) under the ticker symbol “ZI.”

11 7. Defendant Henry Schuck (“Schuck”) has served as ZoomInfo’s Chief Executive
12 Officer (“CEO”), Chairman of ZoomInfo’s Board of Directors (the “Board”), and a director of the
13 Board since its formation in November 2019. Prior to these roles, defendant Schuck served as
14 CEO and as a director of ZoomInfo Holdings LLC since its founding in 2007.

15 8. Defendant Cameron Hyzer (“Hyzer”) has served as ZoomInfo’s Chief Financial
16 Officer (“CFO”) since November 2019 and will resign from this role in September 2024. Before
17 his position as CFO, Hyzer served as CFO of ZoomInfo Holdings LLC since 2018.

18 9. Defendants Schuck and Hyzer are collectively referred to herein as the “Individual
19 Defendants.”

20 10. Each of the Individual Defendants was directly involved in the management and
21 day-to-day operations of the Company at the highest levels and was privy to confidential
22 proprietary information concerning the Company and its business, operations, services,
23 competition, customers, and present and future business prospects, as alleged herein. In addition,
24 the Individual Defendants were involved in drafting, producing, reviewing, and/or disseminating
25 the false and misleading statements and information alleged herein, were aware of, or recklessly
26

1 disregarded, the false and misleading statements being issued regarding the Company, and
2 approved or ratified these statements, in violation of the federal securities laws.

3 11. As officers and controlling persons of a publicly held company whose securities
4 are registered with the SEC pursuant to the 1934 Act and trade on the NASDAQ, which is governed
5 by the provisions of the federal securities laws, the Individual Defendants each had a duty to
6 promptly disseminate accurate and truthful information with respect to the Company's operations,
7 business, services, markets, competition, customers, and present and future business prospects. In
8 addition, the Individual Defendants each had a duty to correct any previously issued statements
9 that had become materially misleading or untrue, so that the market price of ZoomInfo Class A
10 common stock would be based upon truthful and accurate information. Defendants' false and
11 misleading misrepresentations and omissions during the Class Period violated these specific
12 requirements and obligations.

13 12. The Individual Defendants, because of their positions of control and authority as
14 officers and/or directors of the Company, were able to, and did, control the content of the various
15 SEC filings, press releases, and other public statements pertaining to the Company during the Class
16 Period. Each Individual Defendant was provided with copies of the documents alleged herein to
17 be misleading before or shortly after their issuance, participated in conference calls with investors
18 during which false and misleading statements were made, and/or had the ability and/or opportunity
19 to prevent their issuance or cause them to be corrected. Accordingly, each Individual Defendant
20 is responsible for the accuracy of the public statements detailed herein and is, therefore, primarily
21 liable for the representations contained therein.

22 13. Defendant TA Associates Management, LP ("TA Associates") is a global private
23 equity firm based in Boston, Massachusetts.

24 14. Defendant The Carlyle Group, Inc. ("Carlyle") is global investment firm based in
25 Washington, DC.

customer, and the amount of data utilized. Revenue is generally recognized ratably over the life of the contract beginning with when the service is first made available to the customer. Under ZoomInfo's standard billing terms, customers are typically required to pay for services at the beginning of each annual, semi-annual, or quarterly period.

21. During the Class Period, ZoomInfo claimed to have a customer base of 35,000 companies, comprised of large enterprise customers, mid-market companies, and small businesses. Throughout the Class Period, ZoomInfo claimed that its customer base was "diversified" and that no single customer contributed more than 1% of its total annual revenues.

22. ZoomInfo provides investors with measures of underlying client demand and anticipated future business performance, in part, through two operational metrics: (i) Net Revenue Retention ("NRR"); and (ii) Remaining Performance Obligations ("RPOs"). Historically, ZoomInfo reported NRR on an annual basis.

23. ZoomInfo calculates NRR as the total annual contract value ("ACV") of customers at the end of the 12-month period, divided by the total ACV of the same customers at the beginning of the 12-month period. NRR is reported as a percentage and is a measure of revenue retained from existing customers. NRR over 100% indicates that revenues from existing customers increased, while NRR under 100% indicates that revenues from existing customers declined.

24. ZoomInfo defines RPOs as "contracted revenue that has not yet been recognized, which includes unearned revenue and unbilled amounts that will be recognized as revenue in the future." ZoomInfo reports current RPOs, which represent revenues that are expected to be recognized within one year, and total RPOs, which represents current RPOs as well as contracted revenues that are expected to be recognized beyond a one-year time frame.

25. Due to favorable market dynamics created by the COVID-19 pandemic, ZoomInfo experienced growth in 2020 and 2021. Specifically, as social distancing restrictions made traditional in-person sales and marketing activities unavailable, businesses emphasized digital sales and marketing campaigns, which in turn, significantly increased demand for ZoomInfo's

1 database of digital contact information. Amid these market shifts, ZoomInfo executives
2 highlighted purported client and revenue growth. For example, speaking at a February 2021
3 investor conference, ZoomInfo’s CEO, defendant Schuck, represented that ZoomInfo had broken
4 “growth records” in new sales and new customers additions and claimed the Company was
5 experiencing “broad-based strength” across its customer base. Defendant Schuck further
6 represented that ZoomInfo’s products were “resonating” with clients, which he claimed drove
7 “new customer acquisition” and “customer retention.” Similarly, ZoomInfo’s CFO, defendant
8 Hyzer, represented that ZoomInfo was experiencing “strong retention” and that customer
9 expansion continued to “accelerate[]” month-over-month.

10 26. As a result of these purported trends, ZoomInfo claimed to be experiencing
11 “record” financial results amid the pandemic. For example, for its fiscal year ending December
12 31, 2021, ZoomInfo reported that its annual revenues had increased 57% to \$747 million (from
13 \$476 million in the prior year) and that the Company had achieved an NRR of 116% – an all-time
14 high. During a related conference call with investors, defendant Schuck attributed ZoomInfo’s
15 record NRR to demand for its products and claimed that the NRR the Company had achieved in
16 2021 was not only “sustainable,” but improving. Defendant Schuck represented that ZoomInfo
17 continued to see a “strong demand environment,” which he claimed had set the stage for
18 “continued growth and profitability” within the Company’s purported “\$70 billion market
19 opportunity.”

20 27. These and other similar statements caused the price of ZoomInfo Class A common
21 stock to soar to all-time highs of more than \$79 per share. While the price of ZoomInfo shares
22 was artificially inflated, Company insiders collectively dumped billions of dollars worth of
23 ZoomInfo stock. Defendant Schuck alone sold more than **\$1.1 billion** in ZoomInfo shares at prices
24 as high as \$77.30 per share, including the sale of shares through his investment vehicle, defendant
25 DO Holdings. Defendant Hyzer likewise sold more than **\$35 million** in ZoomInfo shares at prices
26 as high as \$77.31 per share. During the Class Period, defendants Carlyle and TA Associates also

collectively sold more than **\$7.3 billion** in ZoomInfo stock.¹ These sales were effectuated in part through multiple registered public stock offerings.

28. Unbeknownst to investors, however, ZoomInfo's financial and operational results had been temporarily boosted by the ephemeral effects of the COVID-19 pandemic, which had pulled-forward demand for the Company's database of digital contact information. As a result, after the initial wave of demand abated, material portions of ZoomInfo's existing customers attempted to substantially reduce their use of ZoomInfo's platform and/or abandon the product altogether. To prevent a mass exodus of clients, ZoomInfo utilized manipulative and coercive auto-renewal policies that required clients to notify the Company of non-renewal at least 60 days before the end of the contract term – far beyond the industry norm. The Company even resorted to threats of litigation to force clients to sign onto new contracts or to pay for services they did not want. Predictably, ZoomInfo's coercive retention tactics irreparably damaged customer relations to the detriment of contract renewals in future periods. These short-term tactics temporarily prevented a flood of client exits (thereby temporarily inflating ZoomInfo's reported revenues, operating income, and customer and retention metrics), but, as defendants knew or recklessly disregarded, the tactics simultaneously created a hidden demand cliff as clients who had been forced to sign up for renewed contracts came to the end of those contracts' term periods. The tactics also burned ZoomInfo's reputational capital, eroded the Company's customer franchise, and placed the Company at a competitive disadvantage as compared to new market entrants.

29. Then, on November 1, 2022, ZoomInfo announced its financial results for the third quarter ending September 30, 2022. Despite previously representing that ZoomInfo would "improve" upon NRR rates achieved in 2021, defendant Hyzer unexpectedly revealed that the Company would "retrace" the progress achieved in 2021 due to increased "scrutiny" by clients

¹ These sales are inclusive of sales reported by affiliated directors and are based on sales data obtained from Refintiv that was then cross-checked with sales information reflected in applicable SEC Forms 4.

1 during the contract renewal process. ZoomInfo also revealed that total its RPOs and current RPOs
2 had declined sequentially in the quarter. Following these revelations, analysts expressed shock
3 and dismay. For example, analysts at Canaccord Genuity stated that the abrupt change in tone had
4 caught them “flat-footed” given defendants’ “bullish” commentary leading up to the earnings
5 announcement.

6 30. To prolong their fraudulent scheme, defendants continued to make materially false
7 and misleading statements to investors and engaged in business tactics designed to conceal the full
8 truth from investors. For example, ZoomInfo began loosening its requirements to sign up new
9 businesses, such as by issuing credit to high-risk small business customers who could not otherwise
10 afford the Company’s products. The ploy enabled ZoomInfo to continue to report favorable
11 revenue results and conceal customer churn without guarantee of actual payment. Speaking on a
12 February 2024 conference call, defendant Schuck claimed that new business demand had “stayed
13 strong . . . throughout the year” and was the “best ever” in the fourth quarter of 2023. During the
14 same call, defendant Hyzer similarly claimed that churn levels had “remained fairly stable” in
15 2023, highlighting most notably the Company’s small business customers.

16 31. Likewise, in ZoomInfo’s filings with the SEC, defendants stated that the Company
17 maintained an “allowance for credit losses,” which was purportedly evaluated by Company
18 management to ensure the allowance adequately reflected expected credit losses. Defendants
19 represented to investors that the allowance established for expected credit losses was “immaterial”
20 or not “significant” to ZoomInfo’s consolidated financial statements and that realized losses had
21 remained “within the range of management’s expectations.”

22 32. Contrary to these and other representations, however, ZoomInfo would go on to
23 report several quarters of deteriorating financial results and customer metrics. For example, in
24 connection with an August 5, 2024, earnings announcement, ZoomInfo revealed that the Company
25 was incurring a \$33 million charge related to non-payments by its customers, implementing a
26 “new business risk model” to address elevated write-offs, and that defendant Hyzer was

1 departing the Company. During the corresponding conference call, defendant Schuck further
 2 revealed that the \$33 million charge incurred in the quarter related to revenues that had been
 3 *previously* recognized in 2023, casting doubt on tens of millions of dollars of prior revenues and
 4 the legitimacy and quality of potentially thousands of ZoomInfo’s customers.

5 33. As a result of these serial disclosures, the price of ZoomInfo Class A common stock
 6 declined from a Class Period high of over \$79 per share to just \$8 per share by the end of the Class
 7 Period, a **90%** decline, causing plaintiff and the Class (defined below) to suffer billions of dollars
 8 in losses and economic damages under the federal securities laws. Defendants, meanwhile, sold
 9 billions of dollars’ worth of ZoomInfo stock at artificially inflated prices before the truth was
 10 revealed.

11 **DEFENDANTS’ MATERIALLY FALSE AND MISLEADING STATEMENTS**
 12 **AND OMISSIONS ISSUED DURING THE CLASS PERIOD**

13 34. The Class Period begins on November 10, 2020. After market close on November
 14 9, 2020, ZoomInfo issued a press release reporting the Company’s financial results for its third
 15 fiscal quarter ending September 30, 2020 (“3Q20 Release”). The 3Q20 Release stated that
 16 ZoomInfo’s quarterly revenues grew 56% year-over-year to \$123 million, up from \$79 million in
 17 the prior year quarter. The 3Q20 Release further stated that the Company’s operating income grew
 18 41% year-over-year to \$18 million compared to \$13 million in the prior year quarter. In addition,
 19 the 3Q20 Release stated that ZoomInfo closed the quarter with more than 720 customers that had
 20 ACVs of \$100,000 or greater. The 3Q20 Release quoted defendant Schuck, who emphasized
 21 ZoomInfo’s “record” new customer additions and expansion within existing client accounts, and
 22 claimed the Company was seeing “momentum” across its business, stating in pertinent part as
 23 follows:

24 “We delivered another quarter of record results, *as more customers than*
 25 *ever modernized their go-to-market motions* with ZoomInfo’s data and insights
 26 platform In the third quarter, we added a *record number of new customers,*
drove record expansion with our largest clients, and launched new platform
 enhancements. With a model that combines durable growth and profitability and a
 team that is executing on all fronts, we are seeing momentum across all areas of the

1 business. This momentum gives us even more confidence that we can capitalize on
2 the many growth opportunities ahead.”

3 35. That same day, ZoomInfo held a conference call with analysts to discuss the
4 Company’s financial and operational results for the third quarter of 2020, which was hosted by
5 defendants Schuck and Hyzer. During the call, defendant Schuck emphasized ZoomInfo’s
6 “record” quarterly new sales and growing customer spend, stating in pertinent part as follows:

7 Because of the strength that we’re seeing across all areas of the business,
8 including **record quarterly new sales, record engagement levels and a new high**
9 **watermark for – of customers spending over \$100,000 a year with us**, we are
10 raising our financial guidance for the full year.

11 36. Defendant Hyzer similarly emphasized the “strength” in new sales and expansion
12 activity, stating in pertinent part as follows:

13 Both new sales activity and existing client net expansion improved relative
14 to Q2 and last year. **We continue to build momentum and increase win rates**
15 **throughout the quarter, and this combination of strength in new sales and**
16 **expansion activity helped drive sequential revenue growth of 10%**, adjusted for
17 the relative days in each quarter.

18 37. During the call, an analyst asked about the underlying drivers of ZoomInfo’s
19 revenue growth reported in the quarter. In response, defendant Hyzer claimed the Company’s
20 growth was “broad-based” across all customer cohorts and that expansion in existing client
21 accounts “continued to accelerate,” stating in pertinent part as follows:

22 Yes. Thanks. That’s a great question, Brent. **It was broad-based across**
23 **the board. We saw really strong new business sales**, and that’s with enterprises
24 and mid-market and SMB customers.

25 I think one thing to make sure to think about is that all of our customers are
26 selling to other businesses. So at the end of the day, they are probably less impacted
by some of the COVID headwinds that you might see than, say, restaurant or other
folks. And many of them are pivoting and finding ways to succeed. These happen
to be many of the more agile and forward-leaning go-to-market teams in the world.
So I think our system really helped people to continue to perform.

And I think one of the things that we continue to see throughout was that
the retention or expansion among our customers continued to accelerate month-
over-month throughout the year. So again, broad-based on both new sales and
retention and across all of the different segments of customers that we serve.

38. On November 13, 2020, ZoomInfo filed with the SEC its quarterly report on Form 10-Q for the quarter ended September 30, 2020 (“3Q20 Form 10-Q”), which was signed by defendant Hyzer and certified by defendants Schuck and Hyzer as being materially complete, accurate, and free from fraud. The 3Q20 Form 10-Q contained the same financial and operational information regarding the Company’s revenues, operating income, and customers reported in the 3Q20 Release. In addition, the 3Q20 Form 10-Q stated that ZoomInfo ended the quarter with total RPOs of \$458 million and current RPOs of \$349 million.

39. On December 2, 2020, ZoomInfo filed with the SEC a prospectus on Form 424(b)(4) (“December 2020 Prospectus”). The December 2020 Prospectus stated that ZoomInfo had more than 17,000 customers, which it claimed implied a 2% penetration into a total addressable market for ZoomInfo’s products and services valued at approximately \$30 billion. The December 2020 Prospectus further stated that ZoomInfo had more than 720 customers that had ACVs of \$100,000 or greater and 18 customers that had ACVs of \$1 million or greater.

40. On February 22, 2021, ZoomInfo issued a press release announcing the Company’s financial results for its fiscal year and fourth quarter ending December 31, 2020 (“4Q20 Release”). The 4Q20 Release stated that ZoomInfo’s quarterly revenues had increased 53% year-over-year to \$140 million, up from \$91 million in the prior year quarter. The 4Q20 Release further stated that the Company’s operating income in the quarter increased 54% year-over-year to \$29.6 million, up from \$19 million in the prior year quarter. The 4Q20 Release also stated that ZoomInfo ended the quarter with more than 20,000 customers and more than 850 customers that had ACVs of \$100,000 or greater. In addition, the 4Q20 Release stated that ZoomInfo’s NRR for 2020 was 108%. The 4Q20 Release quoted defendant Schuck who highlighted ZoomInfo’s “record results” and purported “industry-leading” growth and profitability.

41. That same day, ZoomInfo held a conference call with analysts to discuss the Company’s financial and operational results for its fourth quarter of 2020, which was hosted by defendants Schuck and Hyzer. During the call, defendant Schuck emphasized that ZoomInfo had

1 experienced “broad-based strength across all areas of the business” and claimed the Company set
 2 “growth records” for new sales, new customers added, and customers that had over \$100,000 in
 3 annual spend during the quarter. Defendant Schuck further claimed that ZoomInfo’s products
 4 were “resonating” with clients, leading to “new customer acquisition” and “customer retention,”
 5 among other positive trends.

6 42. Defendant Hyzer likewise represented that ZoomInfo was seeing “real strength” in
 7 new customer additions and expansion, stating in pertinent part as follows:

8 So currently, *we’re seeing real strength on both sides, both from new logos*
 9 *and customers* coming on as well as from the expansion opportunity within our
 10 existing customer base. And if you look at our largest customers, *we had a record*
 11 *quarter in terms of the addition of new customers* that are above \$100,000 at this
 12 point.

13 43. During the call, an analyst asked what was driving the influx of customers onto the
 14 platform. In response, defendant Schuck claimed that the “momentum” in customer growth was
 15 not a “blip” but something that was “here to stay,” stating in pertinent part as follows:

16 And so you see customers from all sorts of industries now coming to us, and
 17 we have a solution that can serve all of their needs. It doesn’t matter if you sell into
 18 an IT decision-maker or a medical director, if you’re selling in France or you’re
 19 selling in California, the solution can serve up better go-to-market efficiencies for
 20 your sales teams regardless of what kind of company you are.

21 And I think what you’re seeing is companies, one, making the realization,
 22 the digitization of their go-to-market efforts is a must; and two, you see really the
 23 investments that we made over the last 2 years in our go-to-market teams and our
 24 product really paying off. *And so we saw a broad-based momentum, again, from*
 25 *all industries across the world across sizes, and that’s the momentum that we*
 26 *don’t think is a blip or something that’s short lived or short term. We think that’s*
here to stay.

44. On February 26, 2021, ZoomInfo filed with the SEC its annual report on Form 10-
 K for the year ending December 31, 2020 (“4Q20 Form 10-K”), which was signed by defendants
 Schuck and Hyzer and certified by them that the filing was materially complete, accurate, and free
 from fraud. The 4Q20 Form 10-K contained the same financial and operational information
 regarding the Company’s revenues, operating income, customers, and NRR reported in the 4Q20

1 Release. In addition, the 4Q20 Form 10-K stated that ZoomInfo ended the quarter with total RPOs
2 of \$559 million and current RPOs of \$432 million.

3 45. On May 3, 2021, ZoomInfo issued a press release announcing the Company's
4 financial results for its first fiscal quarter ending March 31, 2021 ("1Q21 Release"). The 1Q21
5 Release stated that ZoomInfo's quarterly revenues had increased 50% year-over-year to \$153
6 million, up from \$102 million in the prior year quarter. The 1Q21 Release further stated that the
7 Company's operating income in the quarter increased 38% year-over-year to \$28 million, up from
8 \$20 million in the prior year quarter. The 1Q21 Release also stated that ZoomInfo ended the
9 quarter with more than 950 customers that had ACVs of \$100,000 or greater. The 1Q21 Release
10 quoted defendant Schuck who claimed that ZoomInfo was "executing well" across "all areas of
11 the business" and that the Company was "well-positioned to capitalize on [a] growing market
12 opportunity."

13 46. That same day, ZoomInfo held a conference call with analysts to discuss the
14 Company's financial and operational results for the first quarter of 2021, which was hosted by
15 defendants Schuck and Hyzer. During his prepared remarks, defendant Schuck highlighted
16 ZoomInfo's purportedly "strong" financial results in the quarter, which he claimed were reflected
17 in "accelerating growth" across all areas of the business, including specifically "record renewals"
18 and new customer additions, stating in pertinent part as follows:

19 ***The first quarter was marked by strong accelerating growth across all of our***
20 ***business lines.*** We delivered GAAP revenue of \$153 million, representing 50%
21 year-over-year growth and 12% sequentially when adjusted for the number of days
22 in the quarter. Adjusted operating income was \$66 million, representing an
23 operating margin of 43%. These results were driven by dependable execution
24 across the entire company from new business to product development to retention.
Our focus on continuous improvement as a core cultural value and the execution
we build on top of that has allowed us to deliver our near-term financial results
consistently while setting us up for long-term durable growth.

25 We had strong results across all areas of the business, and I want to
26 specifically call out that ***we achieved our best-ever Q1 results this quarter on 3***
dimensions: new business, new customer additions and retention activity. We
doubled the number of new customers added this quarter compared to Q1 2020.

1 *We also had record renewals and upsells as a percentage of beginning ACV* for
 2 a first quarter as we saw demand for our products continue to accelerate with
 companies looking to drive a digital data-driven go-to-market motion.

3 47. Defendant Hyzer similarly emphasized the “positive momentum” ZoomInfo had
 4 purportedly experienced in new customer additions and renewals during the quarter, stating in
 5 pertinent part as follows:

6 Q1 was a great quarter with strong financial results that exceeded our guidance.
 7 *We saw broad-based strength across the business.* And as Henry indicated, we
 8 achieved our best-ever Q1 results for new business, new customer additions and
 9 retention activity. This quarter was also highlighted by our successful expansion
 with enterprise customers, growing sales of our newer products and strong
 international growth.

10 * * *

11 *During the first quarter, we continued to see strong new customer*
 12 *additions and positive momentum with respect to retention and upsell activity.*
 13 We also continued to successfully execute against the large and growing enterprise
 14 opportunity. *We had strong enterprise renewals, and our enterprise upsell motion*
 15 *is really hitting its stride.* In the quarter, we doubled the number of greater than
 \$100,000 ACV customers added as compared to the year ago period. As a result,
 as of March 31, we had more than 950 customers with \$100,000 or more in ACV,
 up from more than 850 last quarter.

16 48. In response to a question from an analyst regarding the demand environment facing
 17 the Company, defendant Schuck represented that customers were no longer “correcting” for the
 18 pandemic demand environment, which he claimed was already “largely behind” them, stating in
 19 pertinent part as follows:

20 Yes. I think we – I think it’s a pretty – *I don’t think we see organizations*
 21 *sort of correcting for the pandemic world anymore. We think that’s largely*
 22 *behind us.* And so what we’re seeing mostly is organizations trying to bring to life,
 23 especially in the enterprise, their CRM systems, their marketing automation
 24 systems, their sales automation system. They’re trying to get high ROI and real
 25 engagement out of those systems, and they view us as a strategic partner to be able
 26 to fill those systems with insights and really drive adoption and engagement from
 their frontline sellers and their marketing teams through those systems. And so I
 don’t really – I don’t think anyone is focused on the pandemic mindset. Everybody
 is focused today on really digitizing their motion.

49. Also on May 3, 2021, ZoomInfo filed with the SEC its quarterly report on Form 10-Q for the quarter ended March 31, 2021 (“1Q21 Form 10-Q”), which was signed by defendant Hyzer and certified by defendants Schuck and Hyzer as being materially complete, accurate, and free from fraud. The 1Q21 Form 10-Q contained the same financial and operational information regarding the Company’s revenues, operating income, and customers reported in the 1Q21 Release. In addition, the 1Q21 Form 10-Q stated that ZoomInfo ended the quarter with total RPOs of \$592 million and current RPOs of \$461 million.

50. On August 2, 2021, ZoomInfo issued a press release announcing the Company’s financial results for its second fiscal quarter ending June 30, 2021 (“2Q21 Release”). The 2Q21 Release stated that ZoomInfo’s quarterly revenues increased 57% year-over-year to \$174 million, up from \$111 million in the prior year quarter. The 2Q21 Release further stated that the Company’s operating income in the quarter increased to \$41 million compared to a loss of \$31 million in the prior year quarter. The 2Q21 Release also stated that ZoomInfo ended the quarter with more than 1,100 customers that had ACVs of \$100,000 or greater.

51. That same day, ZoomInfo held a conference call with analysts to discuss the Company’s financial and operational results for the second quarter of 2021, which was hosted by defendants Schuck and Hyzer. During his prepared remarks, defendant Schuck represented that ZoomInfo experienced its “highest levels” ever in customer retention activity, which he attributed to a “strong demand environment” for the Company’s products, stating in pertinent part as follows:

Q2 was another record quarter with accelerating revenue growth and improved operating margin performance. We continue to see positive trends across the entire business, driven by our continued investments in our sales, marketing, product, data and engineering organizations and a strong demand environment for accelerating digital transformation across go-to-market teams. ***This was our best ever second quarter for new customer additions, and we recorded the highest levels ever for both retention activity and customer engagement.*** We saw accelerating growth with our largest customers, growing the number of customers who spend more than \$100,000 a year with us, by 70% year-over-year, ending the quarter with more than 1,100 showing meaningful traction behind the investments we’ve made in our enterprise motion. We’re also seeing our investment in international payoff. With more reps focused on the opportunity, we drove year-

1 over-year international revenue growth greater than 75%, with international now
2 representing 11% of our overall business.

3 52. Defendant Schuck continued in pertinent part as follows:

4 We had our best ever Q2 for new customer adds. ***We drove the highest ever***
5 ***levels of retention activity.*** And our data accuracy and coverage levels are at the
6 highest in our history. Our investment in customer onboarding, user experience
7 enhancements and integrations are improving customer satisfaction and driving the
8 highest levels of engagement ever. International is taking off. We saw great growth
9 across the enterprise opportunity, and we continue to develop, acquire and integrate
10 new functionality, delivering on our vision of the modern go-to-market platform.

11 53. During the call, an analyst inquired regarding how the Company's NRR had been
12 trending in the quarter. In response, defendant Hyzer represented that while ZoomInfo did not
13 report NRR on a quarterly basis, retention activity in the second quarter, including customer
14 renewals, was the "best quarter" in Company history, stating in pertinent part as follows:

15 So we do report our net retention on an annual basis, given that it's an annual
16 calculation kind of starting at the end of the year, going to the end of the next year.
17 What we do look at is the retention activity that we see. So that's – those customers
18 that are renewing within a quarter and the upsells that we're generating within a
19 quarter. ***And we have seen that Q2 was the best quarter we've ever had from a***
20 ***retention activity perspective, and I think that gives us confidence that we will see***
21 ***higher net retention in 2021 than we saw in 2020.*** And certainly, part of that is
22 all of the investments that we've made in terms of our operational capabilities,
23 investing in the customer support and customer success teams, investing in
24 improving the product and providing additional functionality.

25 54. Also on August 2, 2021, ZoomInfo filed with the SEC its quarterly report on Form
26 10-Q for the quarter ended June 30, 2021 ("2Q21 Form 10-Q"), which was signed by defendant
Hyzer and certified by defendants Schuck and Hyzer as being materially complete, accurate, and
free from fraud. The 2Q21 Form 10-Q contained the same financial and operational information
regarding the Company's revenues, operating income, and customers reported in the 2Q21
Release. In addition, the 2Q21 Form 10-Q stated that ZoomInfo ended the quarter with total RPOs
of \$648 million and current RPOs of \$505 million.

55. On August 5, 2021, ZoomInfo filed with the SEC a prospectus on Form 424(b)(7)
("August 5, 2021, Prospectus"). The August 5, 2021, Prospectus incorporated by reference the

1 4Q20 Form 10-K, 1Q21 Form 10-Q, and the 2Q21 Form 10-Q, and thus repeated statements
2 identified in ¶¶44, 49, and 54.

3 56. On August 10, 2021, ZoomInfo filed with the SEC a prospectus on Form 424(b)(7)
4 (“August 10, 2021, Prospectus”). The August 10, 2021, Prospectus incorporated by reference the
5 4Q20 Form 10-K, 1Q21 Form 10-Q, and the 2Q21 Form 10-Q, and thus repeated statements
6 identified in ¶¶44, 49, and 54.

7 57. On November 1, 2021, ZoomInfo issued a press release announcing the Company’s
8 financial results for its third fiscal quarter ending September 30, 2021 (“3Q21 Release”). The
9 3Q21 Release stated that ZoomInfo’s quarterly revenues increased 60% year-over-year to \$198
10 million, up from \$123 million in the prior year quarter. The 3Q21 Release further stated that the
11 Company’s operating income in the quarter increased 10% year-over-year to \$20 million
12 compared to \$18 million in the prior year quarter. The 3Q21 Release also stated that ZoomInfo
13 ended the quarter with more than 25,000 customers and more than 1,250 customers with ACVs of
14 \$100,000 or greater.

15 58. That same day, ZoomInfo held a conference call with analysts to discuss the
16 Company’s financial and operational results for the third quarter of 2021, which was hosted by
17 defendants Schuck and Hyzer. During his prepared remarks, defendant Schuck stated that
18 ZoomInfo “surpassed 25,000 customers” in the quarter and claimed the Company was
19 experiencing growth from expansions in existing customers and from the addition of new
20 customers, stating in pertinent part as follows:

21 During the quarter, we surpassed 25,000 customers, and we now have more
22 than 1,250 customers with greater than 100,000 in ACV. These customers now
23 represent more than 40% of our overall ACV with the ACV from not cohort
24 growing by more than 85% year-over-year. ***Growth is coming both from
expansions of existing customers and landing new customers above the 100,000
threshold, with customers taking up more and more products at the point of initial
sale.***

59. Defendant Schuck further stated that the third quarter was ZoomInfo's "best ever" in new customer additions and represented that leading indicators were pointing to "meaningfully higher" NRR with improvements across all customer cohorts, stating in pertinent part as follows:

This was our best ever third quarter for new customer addition. ***And the leading indicators are pointing to meaningfully higher annual net dollar retention rates with expected improvements across customers of all sizes.*** In the quarter, we delivered GAAP revenue of \$198 million, representing 60% year-over-year growth, up from 57% in Q2 and up 12% sequentially when adjusted for the number of days in the quarter. We delivered unlevered free cash flow of \$73 million, up 23% year-over-year. We closed the quarter with more than 25,000 customers, of which more than 1,250 customers have greater than \$100,000 in ACV. The number of customers with more than \$100,000 in ACV grew more than 70% year-over-year.

60. During the call, an analyst inquired as to the underlying driver of ZoomInfo's customer growth. In response, defendant Schuck represented that ZoomInfo was growing both from adding customers and expanding the products sold to existing customers, attributing the growth to the Company's purported "land and expand" sales strategy and stating in pertinent part as follows:

Yes. I think we see growth in both of those cities. ***We see growth from a user and seat expansion across the enterprise.*** And that just fits into our land and expand motion where we can land in one sort of business unit of an enterprise customer and then expand as that business unit see success. And then the other is, we are selling an expanding product set into the enterprise. And so where we may land with the intelligence layer, we end up selling the engagement layer in or we sell our chat functionality, our engage functionality, the Chorus functionality. We sell our DAS offering, which is an outgrowth of our EverString acquisition last year into the enterprise in an accelerated fashion. ***And so you really see growth in that enterprise cohort coming from both new products that we're able to cross-sell in as well as new user seats and expansion within that customer base.***

61. Also on November 1, 2021, ZoomInfo filed with the SEC its quarterly report on Form 10-Q for the quarter ended September 30, 2021 ("3Q21 Form 10-Q"), which was signed by defendant Hyzer and certified by defendants Schuck and Hyzer as being materially complete, accurate and free from fraud. The 3Q21 Form 10-Q contained the same financial information regarding the Company's revenues and operating income reported in the 3Q21 Release. The 3Q21

Form 10-Q also stated that ZoomInfo ended the quarter with more than 1,250 customers that had ACVs of \$100,000 or greater. In addition, the 3Q21 Form 10-Q stated that ZoomInfo ended the quarter with total RPOs of \$712 million and current RPOs of \$552 million.

62. On February 15, 2022, ZoomInfo issued a press release announcing the Company's financial results for its fiscal year and fourth quarter ending December 31, 2021 ("4Q21 Release"). The 4Q21 Release stated that ZoomInfo's quarterly revenues increased 59% year-over-year to \$222 million, up from \$140 million in the prior year quarter. The 4Q21 Release further stated that ZoomInfo generated operating income of \$24 million in the quarter compared to \$30 million in the prior year quarter. The 4Q21 Release also stated that ZoomInfo ended the quarter with 1,452 customers with ACVs of \$100,000 or greater. In addition, the 4Q21 Release stated that ZoomInfo's NRR for 2021 was 116%, up from 108% in 2020. The 4Q21 Release quoted defendant Schuck who stated that ZoomInfo "delivered a leading combination of growth profitability" in 2021 and claimed the Company added more customers "than ever before" and had achieved "record customer retention."

63. That same day, ZoomInfo held a conference call with analysts to discuss the Company's financial and operational results for the fourth quarter of 2021, which was hosted by defendants Schuck and Hyzer. During his prepared remarks, defendant Schuck emphasized ZoomInfo's new customer additions, representing that the Company added more customers in the quarter "than any other quarter in [its] history," stating in pertinent part as follows:

We are delivering a leading combination of growth, profitability and free cash flow generation at scale. ***We closed the quarter with 1,452 customers with greater than \$100,000 in ACV, up 70% year-over-year, while adding more new customers to the overall business than any other quarter in our history.*** Growth across our newly introduced products was strong as well, with Chorus and RingLead leading the way. At the time of acquisition, our conversation Intelligence platform, Chorus, was growing 100% year-over-year, and we accelerated that growth in both the third and fourth quarters of 2021.

64. Defendant Schuck also highlighted the “continued strong demand environment” ZoomInfo was purportedly experiencing, which he claimed set the stage for “continued growth and profitability” within the Company’s purported “\$70 billion market opportunity.”

65. During his prepared remarks, defendant Hyzer represented that ZoomInfo “continue[d] to successfully execute” its land-and-expand sales strategy, which allowed it to “driv[e] more seat expansion, data consumption, and further adoption of product functionality.” Defendant Hyzer claimed the Company had delivered annual NRR of 116% as a result of successfully executing its sales strategy.

66. During the call, an analyst inquired regarding the strength of ZoomInfo’s enterprise pipeline. In response, defendant Schuck represented that ZoomInfo had the “strong[est] enterprise pipeline” in Company history and that demand for ZoomInfo’s products was the highest ever observed, stating in pertinent part as follows:

We have built a stronger enterprise pipeline than we’ve ever had in the history of our business. And that’s coming from a number of different ways. I think first, the natural tailwind in the enterprise is they continue to modernize their go-to-market systems and they continue to leverage digital technologies to go to market is a very clear continued tailwind.

But I think the second thing that we’re seeing is that the platform story is really resonating. I talked to an enterprise customer in Q4 who was using 12 different vendors to accomplish what they could do with just one ZoomInfo subscription. And that story (technical difficulty) best-in-class products, across that platform suite, I think we’re going to continue to take market share and continue to expand in the enterprise. We’ve hired a great team (technical difficulty) our enterprise sales that we feel really strongly about. *And so we continue to build a really great pipeline within the enterprise. And I would describe it as more demand within the enterprise than we’ve seen in our history.*

67. Defendant Schuck also represented he was “really excited” about ZoomInfo’s reported NRR, claiming that not only were 2021 NRR rates “sustainable,” but something the Company would “look to improve upon” in the “next year and the following years.”

68. During the call, an analyst questioned whether the COVID-19 pandemic had temporarily boosted demand for ZoomInfo’s products, stating that analysts “continue[d] to field

1 some questions from investors around this pull-forward in direct selling efforts kind of post-
 2 COVID.” Defendant Schuck responded that the demand trends the Company was purportedly
 3 experiencing were not a “one-off or a pull forward” and that the Company was still “really, really
 4 early” in its penetration of the market with “lots of opportunity” remaining, stating in pertinent
 5 part as follows:

6 Thanks, Brent. I have not had a single enterprise call with a single
 7 enterprise customer where there isn’t double-digit expansion opportunity within
 8 those accounts from a SalesOS perspective. They’re just – we still continue to be
 9 really early in our penetration across the enterprise. ***And so we continue to make
 headway there, but it’s still really, really early and lots and lots of opportunity in
 the core SalesOS motion.***

10 I’ll tell you, we’re constantly looking at the data, the historical data. We
 11 look at win rates, funnel conversion, top of funnel activity. And we spent a real
 12 amount of time looking for anomalies that we could tie back to some relation to
 13 COVID. ***And we didn’t see anything that (technical difficulty) believe that the
 current strong demand trends we’re seeing wouldn’t continue or were one-off or
 a pull forward.***

14 And we wanted to be confident about that because it would affect the way
 15 we operate the business. ***We didn’t see any anomalies like that, that made us think
 that COVID caused a pull-forward and the demand environment that we’re
 seeing today wouldn’t continue.***

16
 17 69. On February 24, 2022, ZoomInfo filed with the SEC its annual report on Form 10-
 18 K for the year ending December 31, 2021 (“4Q21 Form 10-K”), which was signed by defendants
 19 Schuck and Hyzer and certified by them as being materially complete, accurate, and free from
 20 fraud. The 4Q21 Form 10-K contained the same financial and operational information regarding
 21 the Company’s revenues, operating income, customers, and NRR reported in the 4Q21 Release.
 22 In addition, the 4Q21 Form 10-K stated that ZoomInfo ended the quarter with total RPOs of \$864
 23 million and current RPOs of \$671.5 million.

24 70. On May 2, 2022, ZoomInfo issued a press release announcing the Company’s
 25 financial results for its first fiscal quarter ending March 31, 2022 (“1Q22 Release”). The 1Q22
 26 Release stated that ZoomInfo’s quarterly revenues increased 58% year-over-year to \$242 million,
 up from \$153 million in the prior year quarter. The 1Q22 Release further stated that ZoomInfo

1 generated operating income of \$32 million in the quarter, increasing 16% year-over-year from \$28
 2 million in the prior year quarter. The 1Q22 Release also stated that ZoomInfo ended the quarter
 3 with 1,623 customers that had ACVs of \$100,000 or greater.

4 71. That same day, ZoomInfo held a conference call with analysts to discuss the
 5 Company's financial and operational results for the first quarter of 2022, which was hosted by
 6 defendants Schuck and Hyzer. During his prepared remarks, defendant Schuck highlighted
 7 ZoomInfo's "strong growth" in new customers and claimed the Company had the "best Q1 ever"
 8 with respect to various growth metrics, stating in pertinent part as follows:

9 We closed the quarter with 1,623 customers with greater than \$100,000 in
 10 ACV, up more than 65% year-over-year, while the average revenue across these
 11 customers continues to grow. ***And we saw incredibly strong growth in new
 business as the new customer team had their best Q1 ever on an ACV basis and
 the best quarter ever on a TCV basis.***

12 72. Defendant Schuck also emphasized that ZoomInfo's customer base "continue[d] to
 13 grow" and represented that the Company continued to see "solid traction" with its enterprise
 14 clients.

15 73. Defendant Hyzer similarly claimed that the demand environment "remains strong"
 16 and that ZoomInfo's platform was "resonating with customers," stating in pertinent part as follows:

17 ***The demand environment remains strong.*** Companies continue to invest
 18 behind improving their go-to-market motions, and the platform strategy is
 19 resonating with customers. ***We are confident that given the tremendous value we
 provide to our customers and our current narrow level of market penetration that
 we will be able to drive durable growth regardless of the economic environment.***

20 74. During the call, defendant Hyzer represented that growth in customers with over
 21 \$100,000 in annual spend was being driven by existing customers who "expand" over the threshold
 22 and also claimed the Company was seeing "more momentum" in customers achieving this
 23 milestone, stating in pertinent part as follows:

24 As has been historically the case, we tend to land customers with a kind of
 25 smaller offering or sometimes a trial and then expand and grow them over time. So
 26 that continues to be the case that we've – that most of the customers that we add in

1 that 100,000 are customers that started at a smaller level with us and we've upsell.
 2 ***But there does continue to be momentum in customers coming on over 100,000.***

3 . . . I think last year, ***we started to see a little bit more momentum, and***
 4 ***that's continued in Q1, where a growing number of customers are coming in at***
 5 ***200,000 or 500,000 and then continuing to grow from there as well.***

6 75. Also on May 2, 2022, ZoomInfo filed with the SEC its quarterly report on Form
 7 10-Q for the quarter ended March 31, 2022 ("1Q22 Form 10-Q"), which was signed by defendant
 8 Hyzer and certified by defendants Schuck and Hyzer as being materially complete, accurate, and
 9 free from fraud. The 1Q22 Form 10-Q contained the same financial and operational information
 10 regarding the Company's revenues, operating income, and customers reported in the 1Q22
 11 Release. In addition, the 1Q22 Form 10-Q stated that ZoomInfo ended the quarter with total RPOs
 12 of \$918 million and current RPOs of \$715 million.

13 76. On August 1, 2022, ZoomInfo issued a press release announcing the Company's
 14 financial results for its second fiscal quarter ending June 30, 2022 ("2Q22 Release"). The 2Q22
 15 Release stated that ZoomInfo's quarterly revenues increased 54% year-over-year to \$267 million,
 16 up from \$174 million in the prior year quarter. The 1Q22 Release further stated that ZoomInfo
 17 generated operating income of \$39.5 million in the quarter compared to \$41 million in the prior
 18 year quarter. The 1Q22 Release also stated that ZoomInfo ended the quarter with more than 30,000
 19 total customers and with 1,763 customers that had ACVs of \$100,000 or greater.

20 77. That same day, ZoomInfo held a conference call with analysts to discuss the
 21 Company's financial and operational results for the second quarter of 2022, which was hosted by
 22 defendants Schuck and Hyzer. During his prepared remarks, defendant Schuck stated that
 23 ZoomInfo was in the "earliest days" of "generational transformation" in how businesses conduct
 24 marketing activities and claimed that ZoomInfo's platform would "help insulate" the Company
 25 from macroeconomic headwinds as customers were "increasingly choosing" ZoomInfo's products,
 26 stating in pertinent part as follows:

While a more uncertain macroeconomic environment may create some
 elongating near-term sales cycles, ***our very efficient go-to-market motion and***

1 ***proven quick time to value for our customers will help insulate us. The market***
 2 ***opportunity is huge, and we are executing against it.***

3 We are in the earliest days of what we believe is a generational
 4 transformation of how businesses go to market with data, insights and a purpose-
 5 built software platform, a transformation that we are uniquely positioned to lead.
 6 We have the right platform, the integrated data and insights that power that
 7 platform, and we are delivering success to our customers as they look for
 8 efficiencies and look to consolidate with fewer and fewer strategic vendors.

9 ***We continue to deliver success to customers of all sizes across all***
 10 ***industries with customers increasingly choosing ZoomInfo as a pillar of their go-***
 11 ***to-market tech stack.*** As companies focus on efficiency, profitability and unit
 12 economics, the most obvious path is to get more out of your existing sales and
 13 marketing resources. For 2 decades, we have been a trusted partner to deliver just
 14 that.

15 78. Defendant Hyzer similarly assured investors that ZoomInfo continued to “see
 16 strong demand” and represented he was “confident” the Company would “continue to drive
 17 durable growth” despite the “macro environment.” When asked specifically about customer
 18 retention trends, defendant Hyzer stated the Company was “still seeing [its] customers” wanting
 19 to invest in its go-to market solution, and thus was even “more confiden[t]” in the Company’s
 20 ability to deliver more growth, stating in pertinent part as follows:

21 So there isn’t anything worth calling out in terms of specific segments or
 22 anything else. I do think, as we look forward, macroeconomic headwinds could
 23 create some pressure with respect to net retention, but ***we’re still seeing our***
 24 ***customers continue to want to invest into really enabling and creating a better***
 25 ***environment for their sellers. So I think what we’re seeing today gives us even***
 26 ***more confidence in our ability to drive towards that \$2 billion run rate revenue***
target that we’ve set for ourselves and continue to see retention over the long term
continue to improve.

79. During the call, defendant Schuck represented that industry hiring freezes would
 not limit ZoomInfo’s growth as the Company was still in the “very, very early innings” of a
 “tremendous growth opportunity,” stating in pertinent part as follows:

I think just from a penetration perspective, we still feel like we’re in very,
very early innings. I get asked often what happens if sales hiring slows in these
 accounts. Are you limited by your ability to add user seats? On the vast majority,
 the overwhelming majority of the accounts that we operate inside of, we’re not

1 wall-to-wall across the sales team. *And so we have this tremendous growth*
 2 *opportunity within sales organizations that we're executing against. And so we*
 3 *still feel like we're in the incredible early innings of the opportunity.* And so we
 don't feel special exposure across any industry or any customer side segment.

4 80. Defendant Hyzer similarly represented that ZoomInfo was in the "early innings" of
 5 market penetration and that there were a number of large enterprise customers where the Company
 6 could "double, triple, quadruple the amount of revenue" earned, stating in pertinent part as follows:

7 So I think consistent with what we've seen historically and continue to see
 8 in – throughout the year, *new sales continues to be a really strong driver of growth,*
 9 *and it's more than half of the growth that we see. I think that we're in such early*
 10 *innings in terms of the penetration of the overall market.*

11 Ultimately, every business that's selling to another business can and should
 12 use ZoomInfo to do a better job of that. And we have customers 30,000 today.
 There are over 700 potential customers that we can go out and get. So we have a
 lot of excitement about our ability to go out and continue to bring on new customers
 and help them be successful.

13 At the same time, within our existing customers, I think the consolidation
 14 play is an important lever that we can continue to use. But there's also a tremendous
 15 amount of white space expansion within those customers. Whether it's adding on
 16 new users to go wall-to-wall, whether it's helping their data teams really get to
 17 higher-quality data or, honestly, a lot of the advanced functionality that we offer is
 18 still relatively nascent out in the market. And there are a number of large enterprise
 19 customers where we can double, triple, quadruple the amount of revenue that we're
 getting in a white space way as opposed to consolidating other spend that's out
 there. And I think in a challenging macroeconomic environment, that replacement
 might be the easiest thing for us. *But over the long term, there's a lot more*
 20 *opportunity for the white space opportunity within our existing customers as well.*

21 81. Also on August 1, 2022, ZoomInfo filed with the SEC its quarterly report on Form
 22 10-Q for the quarter ended June 30, 2022 ("2Q22 Form 10-Q"), which was signed by defendant
 23 Hyzer and certified by defendants Schuck and Hyzer as being materially complete, accurate and
 24 free from fraud. The 2Q22 Form 10-Q contained the same financial information regarding the
 25 Company's revenues and operating income reported in the 2Q22 Release. The 2Q22 Form 10-Q
 26 also stated that ZoomInfo ended the quarter with 1,763 customers that had ACVs of \$100,000 or

greater. In addition, the 2Q22 Form 10-Q stated that ZoomInfo ended the quarter with total RPOs of \$985 million and current RPOs of \$764 million.

82. The statements referenced in ¶¶34-81 above were materially false and/or misleading when made because they failed to disclose the following adverse facts pertaining to the Company's business, operations, and financial condition, which were known to defendants or recklessly disregarded by them as follows:

(a) that ZoomInfo's financial and operational results during the Class Period had been temporarily inflated by the ephemeral effects of the COVID-19 pandemic, which had pulled-forward demand for the Company's database of digital contact information;

(b) that material portions of ZoomInfo's existing customer base were attempting to either substantially reduce their use of the Company's product or abandon it altogether;

(c) that ZoomInfo had used manipulative and coercive auto-renew policies and threats of litigation to force customers into remaining with the Company for an additional contractual term even though such customers did not want to;

(d) that ZoomInfo's coercive customer retention tactics had materially damaged the Company's customer relationships, client franchise, and competitive advantages, and created a hidden demand cliff for customer contract renewals in future periods; and

(e) that as a result of (a)–(d), above, ZoomInfo's reported revenues, operating income, and customer and retention metrics were materially overstated.

83. Then, on November 1, 2022, ZoomInfo issued a press release announcing the Company's financial results for its third fiscal quarter ending September 30, 2022 ("3Q22 Release"). During the corresponding conference call, defendant Hyzer revealed that ZoomInfo

1 had experienced increased “scrutiny” by customers during the contract renewal process, which
2 negatively impacted ZoomInfo’s financial results in the quarter and would cause ZoomInfo to
3 “retrace” NRR gains achieved in 2021. Further reflecting this loss of business, defendant Hyzer
4 revealed that ZoomInfo’s total RPOs and current RPOs had declined. Specifically, defendant
5 Hyzer reported that total RPOs fell to \$979 million, compared to \$985 million in the prior quarter,
6 and that current RPOs fell to \$757 million, compared to \$764 million in the prior quarter. Analysts
7 panned the report as inconsistent with the Company’s prior representations, with analysts at
8 Canaccord Genuity observing that the abrupt change in tone caught them “flat-footed” given the
9 Company and its management’s recent “bullish” commentary.

10 84. On this news, the price of ZoomInfo Class A common stock fell from \$43.50 per
11 share on November 1, 2022, to \$30.81 per share on November 2, 2022, or approximately 29%, on
12 above-average trading volume of over 22 million shares traded. However, the price of ZoomInfo
13 Class A common stock continued to be artificially inflated as defendants continued to make
14 material misstatements and omissions and to conceal the full truth regarding the Company’s
15 business, operations, and financial results.
16

17 85. The 3Q22 Release stated that ZoomInfo’s quarterly revenues increased 46% year-
18 over-year to \$288 million, up from \$198 million in the prior year quarter. The 3Q22 Release
19 further stated that ZoomInfo generated operating income of \$52 million in the quarter, increasing
20 156% year-over-year from \$20 million in the prior year quarter. The 3Q22 Release also stated
21 that ZoomInfo ended the quarter with 1,623 customers that had ACVs of \$100,000 or greater. The
22 3Q22 Release quoted defendant Schuck who highlighted ZoomInfo’s “record” revenue and
23 profitability and represented that the Company’s customers relied on its products and services to
24 drive their growth, stating in pertinent part as follows:
25
26

1 “As a best-in-class high-growth software company with strong profitability, *our*
 2 *customers are looking to us for best practices on how to grow efficiently* – we do
 3 that by leveraging ZoomInfo’s data, insights, and automation. . . . We drive a quick
 4 and measurable ROI for customers and our innovative platform scales with them.
 5 *As a result, we delivered another quarter of record revenue and profitability, as*
 6 *we are quickly becoming the go-to-market platform of choice for B2B companies*
 7 *looking to drive efficient growth.”*

8 86. On November 1, 2022, ZoomInfo held a conference call with analysts to discuss
 9 the Company’s financial and operational results for the third quarter of 2022, which was hosted by
 10 defendants Schuck and Hyzer. During the call, defendant Schuck minimized the client problems
 11 ZoomInfo was facing, representing that gross client retention had “stayed largely the same” and
 12 that the deals that had slipped from the third quarter into the fourth quarter had “already closed.”
 13 Defendant Hyzer similarly claimed that gross client retention was “really strong” and that the
 14 Company still had “customers that are renewing,” stating in pertinent part as follows:

15 *What we are seeing is that gross retention continues to be really strong,*
 16 *over 90%. So we still have customers that are renewing, and we have seen an*
 17 *acceleration in terms of functionality upsells.* Where we’re seeing more pressure
 18 is with respect to the seat expansions and data expansions that we had seen
 19 historically. That’s the area where we feel our team isn’t able to go after as much
 20 of the upsell opportunity given the incremental time that they’re spending on
 21 renewals and deals in general.

22 87. Defendant Hyzer continued in pertinent part as follows:

23 *Gross churn. So gross churn actually hung in very well despite the*
 24 *macroeconomic environment. So when people were using ZoomInfo, they’re*
 25 *continuing to renew the gross churn rate or gross retention continues to be well*
 26 *over 90%. So I think that we feel really good about that.* The change in the NRR
 aspect has much more to do with those seat-based expansion opportunities that our
 team is spending more time getting those renewals just based on greater scrutiny
 that’s being applied by our customers, and therefore, is getting less opportunities to
 go out and really push those upsells that we’ve seen historically.

88. During the call, defendant Schuck claimed that in conversations with Company
 clients, ZoomInfo had been told “over and over again” that customers were choosing to forego
 hiring additional sales personnel in favor of investing in ZoomInfo, stating in pertinent part as
 follows:

1 What I will tell you is the largest new business deal and the largest
 2 expansion deal in our history, *those customers are coming to us and saying, listen,*
 3 *I'm going to forego the next 3 or 4 head count from a sales perspective. And I'm*
 4 *going to use those dollars to invest in ZoomInfo and make the entire additional*
 5 *team more productive, more efficient and more effective.*

6 We hear that over and over again. And so I think that thinking around how
 7 do I make the rest of my team more efficient? How do I make everybody more
 8 efficient is starting to materialize throughout our customer base and throughout our
 9 new business prospects. Where the historical view of how do I grow has been, I
 10 just need to add another head count, another 5 head count, another 10 head count.

11 I think teams across the world are saying, how do I grow without adding
 12 head count? How do I make all of my team more efficient and more productive?
 13 And that's the message that we're trying to land with our customer base as well.

14 89. Also on November 1, 2022, ZoomInfo filed with the SEC its quarterly report on
 15 Form 10-Q for the quarter ended September 30, 2022 ("3Q22 Form 10-Q"), which was signed by
 16 defendant Hyzer and certified by defendants Schuck and Hyzer as being materially complete,
 17 accurate, and free from fraud. The 3Q22 Form 10-Q contained the same financial and operational
 18 information regarding the Company's revenues, operating income, and customers reported in the
 19 3Q22 Release. In addition, the 3Q22 Form 10-Q stated that ZoomInfo ended the quarter with total
 20 RPOs of \$979 million and current RPOs of \$757 million.

21 90. The statements referenced in ¶¶83-89 above were materially false and/or
 22 misleading when made because they failed to disclose the adverse facts pertaining to the
 23 Company's business, operations, and financial condition, which were known to defendants or
 24 recklessly disregarded by them as detailed in ¶82

25 91. Then on November 16, 2022, defendant Hyzer participated in an investor
 26 conference hosted by RBC Capital Markets. During the conference, defendant Hyzer revealed
 that intense customer scrutiny during the contract renewal process had continued into the fourth

1 quarter, which would negatively impact the Company's ability to grow its revenues in fiscal year
2 2023.

3 92. On this news the price of ZoomInfo Class A common stock fell from \$31.69 per
4 share on November 15, 2022, to \$26.17 per share on November 17, 2022, or approximately 17%,
5 over a two-day trading period on above-average trading volume. However, the price of ZoomInfo
6 Class A common stock continued to be artificially inflated as defendants continued to make
7 material misstatements and omissions and to conceal the full truth regarding the Company's
8 business, operations, and financial results.

9 93. On February 6, 2023, ZoomInfo issued a press release announcing the Company's
10 financial results for its fiscal year and fourth quarter ending December 30, 2022 ("4Q22 Release").
11 The 4Q22 Release stated that ZoomInfo's quarterly revenues increased 36% year-over-year to
12 \$302 million, up from \$222 million in the prior year quarter. The 4Q22 Release further stated that
13 ZoomInfo generated operating income of \$52 million in the quarter, increasing 115% year-over-
14 year from \$24 million in the prior year quarter. The 4Q22 Release also represented that ZoomInfo
15 ended the quarter with 1,926 customers with ACVs of \$100,000 or more. In addition, the 4Q22
16 Release stated that ZoomInfo's NRR for 2022 was 104%. The 4Q22 Release quoted defendant
17 Schuck who emphasized ZoomInfo's "leading" growth and profitability and claimed the Company
18 was "well-positioned" to be a "durable grower."
19

20 94. That same day, ZoomInfo held a conference call with analysts to discuss the
21 Company's financial and operational results for the fourth quarter of 2022, which was hosted by
22 defendants Schuck and Hyzer. In response to a question from an analyst regarding the demand
23 environment, defendant Schuck emphasized ZoomInfo's pipeline of business, which he claimed
24 was the "largest" in Company history, and he further represented that the Company had achieved
25
26

its “highest in-month win rate” among small business customers in non-end of quarter months, stating in pertinent part as follows:

Look, there hasn’t been any material change in buyer behavior that we’re seeing out in the market as it relates to uncertainty or the macroeconomic environment. So we haven’t seen any change in that. What I’ll tell you from a demand and pipeline generation perspective. January, we saw our largest pipeline we’ve ever generated. *We’re generating more MQLs than we’ve had in our history. When buyers are buying, they’re buying decisively and at strong ASPs, and we’re seeing less competition in our deals in Q4. And where we do see competition primarily in the SMB segment of our business, we’re seeing the highest in-month win rate ever for a non end of the quarter month.* And so all of that tells me that while there is room for improvement from an execution perspective, it really is customers’ uncertainty about the broader economic environment that’s holding us back from delivering more top line growth. *So as the uncertainty fades, I’m confident that we’ll be in a great position to accelerate out.* We haven’t seen that stating yet.

95. During the call, an analyst questioned defendants’ claims that issues facing the Company were related to macroeconomic trends. In response, defendant Schuck highlighted the “real growth” ZoomInfo purportedly achieved within its enterprise customers, which he claimed the Company could “significantly accelerate,” stating in pertinent part as follows:

I think the big thing that we know today is that, there is a real growth opportunity within our enterprise customer base. Today, we have 35,000 customers, and we’re driving real growth across our enterprise customers. *But when we look within the enterprise, we think we can significantly accelerate that.* And so bringing in a Chief Revenue Officer who has a ton of experience within the enterprise, this felt like the right time to do it. We see that segment as the biggest growth opportunity, and we wanted to bring somebody in who had significant experience in that land and expand motion and especially across the enterprise.

96. During the call, defendant Schuck further represented that ZoomInfo’s pipeline was “the strongest it’s ever been” and assured investors that there was “real demand out there” for the Company’s products, stating in pertinent part as follows:

I would add that our pipeline in January was the strongest it’s ever been. We generated more MQLs than we ever have in our history. So there’s real demand out there in the market for our products. But ultimately, what we’re ending up seeing is customers are waiting. They’re not making purchase decisions at the level – the velocity levels as they were a year ago. *But there is real demand out there. We’re generating it. We’re generating that pipeline, and so we’ll*

1 *continue to do that and feel like as the uncertainty phase will be in a really great*
2 *position to accelerate through that.*

3 97. Defendant Hyzer similarly represented that ZoomInfo had “more pipeline” than
4 ever before and that the Company’s win rates were “modestly starting to improve” in the fourth
5 quarter.

6 98. On February 16, 2023, ZoomInfo filed with the SEC its annual report on Form 10-
7 K for the year ending December 31, 2022 (“4Q22 Form 10-K”), which was signed by defendants
8 Schuck and Hyzer and certified by them as being materially complete, accurate, and free from
9 fraud. The 4Q22 Form 10-K contained the same financial and operational information regarding
10 the Company’s revenues, operating income, customers, and NRR reported in the 4Q22 Release.
11 In addition, the 4Q22 Form 10-K stated that ZoomInfo ended the quarter with total RPOs of \$1.1
12 billion and current RPOs of \$842 million. The 4Q22 Form 10-K further represented that ZoomInfo
13 had \$223 million in accounts receivable at quarter end. The 4Q22 Form 10-K stated that ZoomInfo
14 “maintain[s] an allowance for credit losses based upon the expected collectability of accounts
15 receivable” and that accounts receivable were reported “net” of such allowance. The 4Q22 Form
16 10-K also stated that ZoomInfo’s management had evaluated the adequacy of the allowance based
17 upon “historical collection experience, changes in customer payment profiles, the aging of
18 receivable balances, as well as current economic conditions,” and represented that, as of December
19 31, 2022, the allowance established by ZoomInfo for expected credit losses was “immaterial.”

20 99. On May 1, 2023, ZoomInfo issued a press release announcing the Company’s
21 financial results for its first fiscal quarter ending March 31, 2023 (“1Q23 Release”). The 1Q23
22 Release stated that ZoomInfo’s quarterly revenues increased 24% year-over-year to \$301 million,
23 up from \$242 million in the prior year quarter. The 1Q23 Release further stated that ZoomInfo
24 generated operating income of \$66 million in the quarter, increasing 105% year-over-year from
25 \$32 million in the prior year quarter. The 1Q23 Release also stated that ZoomInfo ended the
26 quarter with 1,905 customers that had ACVs of \$100,000 or greater.

1 100. That same day, ZoomInfo held a conference call with analysts to discuss the
 2 Company's financial and operational results for the first quarter of 2023, hosted by defendants
 3 Schuck and Hyzer. In response to an analyst question regarding sales trends, defendant Hyzer
 4 stated that April "was better than" January and represented he had "good confidence in where Q2
 5 is going," stating in pertinent part as follows:

6 So in terms of linearity, specifically April was better than January.
 7 Typically, we do have some level of linearity within the month. So the first month
 8 is oftentimes a little less than the second month, which has been less than the third
 9 month. ***But we do feel that momentum and on an adjusted basis, comparing it to***
 10 ***January gives us good confidence in where Q2 is going. And certainly from a –***
 11 ***and that's actual sales, closed sales. From a pipeline perspective, I think we're***
 12 ***seeing a similar dynamic of improvement in Q2.***

13 101. Defendant Schuck echoed these remarks, stating that April was "off to a much
 14 better start" compared to January and that there was "a lot of demand" for ZoomInfo's products.

15 102. During the call, an analyst inquired regarding ZoomInfo's ability to meet its annual
 16 revenue guidance, which would require the Company to accelerate revenue growth in the second
 17 quarter. In response, defendant Hyzer represented he had "very good visibility into Q2" and "good
 18 confidence" in the Company's ability to accelerate revenues sequentially.

19 103. On May 1, 2023, ZoomInfo filed with the SEC its quarterly report on Form 10-Q
 20 for the quarter ended March 31, 2023 ("1Q23 Form 10-Q"), which was signed by defendant Hyzer
 21 and certified by defendants Schuck and Hyzer as being materially complete, accurate, and free
 22 from fraud. The 1Q23 Form 10-Q contained the same financial and operational information
 23 regarding the Company's revenues, operating income, and customers reported in the 1Q23
 24 Release. The 1Q23 Form 10-Q also stated that ZoomInfo ended the quarter with total RPOs of
 25 \$1.1 billion and current RPOs of \$839 million. In addition, the 1Q23 Form 10-Q stated that
 26 ZoomInfo had \$215.5 million in accounts receivable at quarter end. The 1Q23 Form 10-Q
 represented that ZoomInfo "maintain[s] an allowance for credit losses based upon the expected
 collectability of accounts receivable" and that accounts receivable were reported "net" of such
 allowance. The 1Q23 Form 10-Q also stated that ZoomInfo's management had evaluated the

1 adequacy of the allowance based upon “historical collection experience, changes in customer
2 payment profiles, the aging of receivable balances, as well as current economic conditions,” and
3 represented that, as of March 31, 2023, the allowance established by ZoomInfo for expected credit
4 losses was “immaterial.”

5 104. The statements referenced in ¶¶93-103 above were materially false and/or
6 misleading when made because they failed to disclose the adverse facts pertaining to the
7 Company’s business, operations, and financial condition, which were known to defendants or
8 recklessly disregarded by them as detailed in ¶82.

9
10 105. Then, on July 31, 2023, ZoomInfo issued a press release announcing the
11 Company’s financial results for its second fiscal quarter ending June 30, 2023 (“2Q23 Release”).
12 The 2Q23 Release revealed that ZoomInfo’s customers with ACVs of \$100,000 or greater had
13 declined to 1,893 from 1,905 such clients in the prior quarter. During the conference call held
14 later that day, defendant Hyzer further revealed that customer cancellations had increased
15 “modestly” in the quarter and that customers had been renewing for less than the market had been
16 conditioned to expect. Defendant Hyzer also disclosed that customers who had already reduced
17 their contract sizes during renewals in the prior year were now renewing for even less. As a result,
18 ZoomInfo reduced its annual revenue guidance from a range of \$1.275 billion to \$1.285 billion to
19 a range of \$1.225 billion to \$1.235 billion, representing a reduction of \$50 million at the mid-
20 point.

21 106. On this news, the price of ZoomInfo Class A common stock fell from \$25.57 per
22 share on July 31, 2023, to \$18.40 per share on August 2, 2023, or approximately 28%, over a two-
23 day trading period on above-average trading volume. However, the price of ZoomInfo Class A
24 common stock continued to be artificially inflated as defendants continued to make material
25 misstatements and omissions and to conceal the full truth regarding the Company’s business,
26 operations, and financial results.

107. The 2Q23 Release stated that ZoomInfo’s quarterly revenues increased 16% year-over-year to \$309 million, up from \$267 million in the prior year quarter. The 2Q23 Release further stated that ZoomInfo generated operating income of \$60 million in the quarter, increasing 51% year-over-year, up from \$40 million in the prior year quarter.

108. That same day, ZoomInfo held a conference call with analysts to discuss the Company’s financial and operational results for the second quarter of 2023, hosted by defendants Schuck and Hyzer. During the call, defendant Schuck represented that ZoomInfo was “working with” customers that were downsizing to ensure they “keep the contract,” stating in pertinent part as follows:

[O]ne of the things that we’re doing internally operationally is giving our – working with those customers as they downsize, so that they stay with us, and we have an opportunity to grow with them in the future. We have another customer example that had literally 600 salespeople in 2021, has 20 today. And that’s a contract that was in our 100,000 cohort and is now a \$30,000 a year contract, but our mentality around that is let’s work with this customer, let’s keep the contract. We’re both on the same page about growing back up with them in the future. And so from a gross retention perspective, we’re doing everything we can to hold on to those customers, so that they turn the corner and start thinking about growth again that we’re a trusted partner on that journey.

109. On July 31, 2023, ZoomInfo filed with the SEC its quarterly report on Form 10-Q for the quarter ended June 30, 2023 (“2Q23 Form 10-Q”), which was signed by defendant Hyzer and certified by defendants Schuck and Hyzer as being materially complete, accurate, and free from fraud. The 2Q23 Form 10-Q contained the same financial and operational information regarding the Company’s revenues, operating income, and customers reported in the 2Q23 Release. The 2Q23 Form 10-Q also stated that ZoomInfo ended the quarter with total RPOs of \$1.1 billion and current RPOs of \$849 million. In addition, the 2Q23 Form 10-Q stated that ZoomInfo had \$207 million in accounts receivable at quarter end. The 2Q23 Form 10-Q further represented that ZoomInfo “maintain[s] an allowance for credit losses based upon the expected collectability of accounts receivable” and that accounts receivable were reported “net” of such

allowance. The 2Q23 Form 10-Q also stated that ZoomInfo’s management had evaluated the adequacy of the allowance based upon “historical collection experience, changes in customer payment profiles, the aging of receivable balances, as well as current economic conditions,” and represented that, as of June 30, 2023, the allowance established by ZoomInfo for expected credit losses was “immaterial.”

110. On October 30, 2023, ZoomInfo issued a press release announcing the Company’s financial results for its third fiscal quarter ending September 30, 2023 (“3Q23 Release”). The 3Q23 Release stated that ZoomInfo’s quarterly revenues increased 9% year-over-year to \$314 million, up from \$288 million in the prior year quarter. The 3Q23 Release further stated that ZoomInfo generated operating income of \$63 million in the quarter, increasing 22% year-over-year, up from \$52 million in the prior year quarter. The 3Q23 Release also stated that ZoomInfo ended the quarter with 1,869 customers with ACVs of \$100,000 or more.

111. That same day, ZoomInfo held a conference call with analysts to discuss the Company’s financial and operational results for the third quarter of 2023, hosted by defendants Schuck and Hyzer. During the call, defendant Hyzer highlighted ZoomInfo’s purported success in securing new business, claiming that demand from new customers continued to be “good” and “relatively strong,” stating in pertinent part as follows:

The assumptions really are very focused on renewals. *New business continues to be relatively strong.* Obviously, the environment impacts that as well, but the sales efficiency of our new business team and the demand that we see continue to be good out there and we continue to bring on new customers to support that. So we’re really focused much more on mitigating and getting through this renewal cycle that we’re in right now.

112. On October 30, 2023, ZoomInfo filed with the SEC its quarterly report on Form 10-Q for the quarter ended September 30, 2023 (“3Q23 Form 10-Q”), which was signed by defendant Hyzer and certified by defendants Schuck and Hyzer as being materially complete, accurate, and free from fraud. The 3Q23 Form 10-Q contained the same financial and operational information regarding the Company’s revenues, operating income, and customers reported in the

3Q23 Release. The 3Q23 Form 10-Q also stated that ZoomInfo ended the quarter with total RPOs of \$1.05 billion and current RPOs of \$795 million. In addition, the 3Q23 Form 10-Q stated that ZoomInfo had \$219 million in accounts receivable at quarter end. The 3Q23 Form 10-Q further represented that ZoomInfo “maintain[s] an allowance for credit losses based upon the expected collectability of accounts receivable” and that accounts receivable were reported “net” of such allowance. The 3Q23 Form 10-Q also stated that ZoomInfo’s management had evaluated the adequacy of the allowance based upon “historical collection experience, changes in customer payment profiles, the aging of receivable balances, as well as current economic conditions,” and represented that, as of September 30, 2023, the allowance established by ZoomInfo for expected credit losses was “not significant” to the consolidated financial statements.

113. On February 12, 2024, ZoomInfo issued a press release announcing the Company’s financial results for its fiscal year and fourth quarter ending December 30, 2023 (“4Q23 Release”). The 4Q23 Release stated that ZoomInfo’s quarterly revenues increased 5% year-over-year to \$316 million, up from \$302 million in the prior year quarter. The 4Q23 Release further stated that ZoomInfo generated operating income of \$70.5 million in the quarter, increasing 35% year-over-year from \$52 million in the prior year quarter. The 4Q23 Release also stated that ZoomInfo ended the quarter with 1,820 customers with ACVs of \$100,000 or more. In addition, the 4Q23 Release stated that ZoomInfo’s NRR for 2023 was 87%.

114. That same day, ZoomInfo held a conference call with analysts to discuss the Company’s financial and operational results for the fourth quarter of 2023, hosted by defendants Schuck and Hyzer. During his prepared remarks, defendant Schuck highlighted the Company’s purported success with new customers, representing that ZoomInfo had closed “record” new logos in the fourth quarter, stating in pertinent part as follows:

However, our demand and sales velocity for new business was our best ever. We closed the most new logos on record in Q4. Our in-month create and closed win rate for December was the highest we’ve ever had in a single month, and our median sales cycle shortened significantly year-over-year.

115. Defendant Schuck continued in pertinent part as follows:

Throughout the year, relative to the customer base, new business demand and close stayed strong, we saw that continue throughout the year. And then at the end of the year, we brought on the most new logos we've had in a quarter. We had great metrics around the new sales motion. And then we had many customers who had left to come back to us as well.

So we feel pretty good about our ability to forecast demand on the new business side and see it continuing strength throughout 2024.

116. During the call, defendant Hyzer claimed that churn levels among small business customers “remained fairly stable” notwithstanding pressure in the segment, stating in pertinent part as follows:

So our churn levels have actually remained fairly stable. And '23, they are a little down from what we saw in '22, but not meaningfully so. Obviously, that part of the equation is largely driven by the lower end of the market. And so while we do see pressure on SMBs, particularly around write-offs and some downsales in kind of price requirements, we don't see a meaningful increase in the churn that we're seeing.

117. On February 15, 2024, ZoomInfo filed with the SEC its annual report on Form 10-K for the year ending December 31, 2023 (“4Q23 Form 10-K”), which was signed by defendants Schuck and Hyzer and certified by them as being materially complete, accurate, and free from fraud. The 4Q23 Form 10-K contained the same financial and operational information regarding the Company’s revenues, operating income, customers, and NRR reported in the 4Q23 Release. In addition, the 4Q23 Form 10-K stated that ZoomInfo ended the quarter with total RPOs of \$1.15 billion and current RPOs of \$856 million. The 4Q23 Form 10-K also stated that ZoomInfo had \$272 million in accounts receivable at quarter end. The 4Q23 Form 10-K further represented that ZoomInfo “maintain[s] an allowance for credit losses based upon the expected collectability of accounts receivable” and that accounts receivable were reported “net” of such allowance. The 4Q23 Form 10-K also stated that ZoomInfo’s management had evaluated the adequacy of the allowance based upon “historical collection experience, changes in customer payment profiles, the aging of receivable balances, as well as current economic conditions,” and represented that, as of

1 December 31, 2023, the allowance established by ZoomInfo for expected credit losses was “not
2 significant” to the consolidated financial statements.

3 118. The statements referenced in ¶¶107-117 above were materially false and/or
4 misleading when made because they failed to disclose the following adverse facts pertaining to the
5 Company’s business, operations, and financial condition, which were known to defendants or
6 recklessly disregarded by them as follows:

7 (a) that ZoomInfo’s financial and operational results during the Class Period
8 had been temporarily inflated by the ephemeral effects of the COVID-19 pandemic, which had
9 pulled-forward demand for the Company’s database of digital contact information;

10 (b) that material portions of ZoomInfo’s existing customer base were
11 attempting to either substantially reduce their use of the Company’s product or abandon it
12 altogether;

13 (c) that ZoomInfo had used manipulative and coercive auto-renew policies and
14 threats of litigation to force customers into remaining with the Company for an additional
15 contractual term even though they did not want to;

16 (d) that ZoomInfo’s coercive customer retention tactics had materially
17 damaged the Company’s customer relationships, client franchise, and competitive advantages, and
18 created a hidden demand cliff for costumer contract renewals in future periods;

19 (e) that ZoomInfo’s reported accounts receivable were materially comprised of
20 debts owed by high-risk small business customers that had a high likelihood of non-payment and
21 had been induced to transact with the Company through a credit program the Company
22 implemented in 2022;

1 (f) that ZoomInfo's allowance for credit losses was materially inadequate and
2 understated the risk of non-payments by the Company's customers; and

3 (g) that as a result of (a)–(f), above, ZoomInfo's reported revenues, operating
4 income, and customer and retention metrics were materially overstated.

5
6 119. Then on May 7, 2024, ZoomInfo issued a press release announcing the Company's
7 financial results for its first fiscal quarter ending March 31, 2024 ("1Q24 Release"). During the
8 corresponding conference call, defendant Hyzer revealed that ZoomInfo had a large pool of small
9 business customers that exhibited "weakness" during renewals in the period, which had caused
10 NRR to decline sequentially to 85% from the 87% reported in the fourth quarter. Defendant Hyzer
11 further revealed that new business from small business customers had also declined in the quarter
12 as the Company became "more selective" on deals made within the cohort. As a result, ZoomInfo
13 reduced its annual revenue guidance from range of \$1.26 billion to \$1.28 billion to a range of
14 \$1.255 billion to \$1.27 billion.

15 120. On this news, the price of ZoomInfo Class A common stock fell from \$16.02 per
16 share on May 7, 2024, to \$12.14 per share on May 8, 2024, or approximately 24%, on above-
17 average trading volume of roughly 28 million shares traded. However, the price of ZoomInfo
18 Class A common stock continued to be artificially inflated as defendants continued to make
19 material misstatements and omissions and to conceal the full truth regarding the Company's
20 business, operations, and financial results.

21 121. The 1Q24 Release stated that ZoomInfo's quarterly revenues increased 3% year-
22 over-year to \$310 million, up from \$301 million in the prior year quarter. The 1Q24 Release
23 further stated that ZoomInfo generated operating income of \$43 million in the quarter. The 1Q24
24 Release also stated that ZoomInfo ended the quarter with 1,760 customers with ACVs of \$100,000
25 or greater.
26

1 122. That same day, ZoomInfo held a conference call with analysts to discuss the
 2 Company's financial and operational results for the first quarter of 2024, hosted by defendants
 3 Schuck and Hyzer. During his prepared remarks, defendant Schuck noted certain so-called
 4 "stabilization trends" the Company was purportedly experiencing and claimed that ZoomInfo had
 5 "reached a bottom," which he described as a precursor to a "potential inflection to growth," stating
 6 in pertinent part as follows:
 7

8 Software retention also stayed flat sequentially for the first time since Q1 of
 9 '22. ***These stabilization trends have continued into Q2 and are promising signs***
 10 ***that suggest we have reached a bottom, which we view as a precursor to a***
 11 ***potential inflection to growth.*** We also had a number – we also had another quarter
 12 of strong win-back performance. Customers continue to come back in record
 numbers after trying low-cost, low-quality providers. In Q1, we again saw
 hundreds of customers come back to ZoomInfo, maintaining the record levels from
 Q4 and Q3 2023.

13 123. On May 7, 2024, ZoomInfo filed with the SEC its quarterly report on Form 10-Q
 14 for the quarter ended March 31, 2024 ("1Q24 Form 10-Q"), which was signed by defendant Hyzer
 15 and certified by defendants Schuck and Hyzer as being materially complete, accurate, and free
 16 from fraud. The 1Q24 Form 10-Q contained the same financial and operational information
 17 regarding the Company's revenues, operating income, and customers reported in the 1Q24
 18 Release. The 1Q24 Form 10-Q also stated that ZoomInfo ended the quarter with total RPOs of
 19 \$1.13 billion and current RPOs of \$838 million. In addition, the 1Q24 Form 10-Q stated that
 20 ZoomInfo had \$223.5 million in accounts receivable at quarter end. The 1Q24 Form 10-Q further
 21 represented that ZoomInfo "maintain[s] an allowance for credit losses based upon the expected
 22 collectability of accounts receivable" and that accounts receivable were reported "net" of such
 23 allowance. The 1Q24 Form 10-Q also stated that ZoomInfo's management evaluated the adequacy
 24 of the allowance based upon "historical collection experience, changes in customer payment
 25 profiles, the aging of receivable balances, as well as current economic conditions," and represented
 26

1 that, as of March 31, 2024, the allowance established by ZoomInfo for expected credit losses was
2 “not significant” to the consolidated financial statements.

3 124. The statements referenced in ¶¶121-123 above were materially false and/or
4 misleading when made because they failed to disclose the following adverse facts pertaining to the
5 Company’s business, operations, and financial condition, which were known to defendants or
6 recklessly disregarded by them as detailed in ¶118.

7
8 125. Finally, on August 5, 2024, ZoomInfo issued a press release announcing the
9 Company’s financial results for its second fiscal quarter ending June 30, 2024 (“2Q24 Release”).
10 The 2Q24 Release revealed that ZoomInfo was incurring a \$33 million charge due to non-
11 payments from customers and had been forced to implement a “new business risk model” to reduce
12 write-offs. In connection with its new risk model, ZoomInfo stated it was altering its operational
13 procedures to require up-front payments from small business customers, indicating that many of
14 the Company’s previous customers had been unable to afford the Company’s products and
15 services. As a result, ZoomInfo further reduced its annual revenue guidance by \$65 million at the
16 midpoint, from a range of \$1.255 billion to \$1.27 billion to a range of \$1.19 billion to \$1.205
17 billion. During the corresponding conference call, defendant Hyzer revealed that the \$33 million
18 charge incurred in the quarter related to revenues that were previously recognized in fiscal 2023,
19 casting doubt on tens of millions dollars in revenues and the legitimacy and quality of potentially
20 thousands of ZoomInfo customers. In a subsequently issued press release published that same day,
21 the Company further revealed that defendant Hyzer was resigning from the Company.

22 126. On this news, the price of ZoomInfo Class A common stock fell from \$9.80 per
23 share on August 5, 2024, to \$8.01 per share on August 6, 2024, or approximately 18%, on above-
24 average trading volume of roughly 43 million shares traded.

127. In total, the price of ZoomInfo stock collapsed approximately 90% from its Class Period high, inflicting billions of dollars in financial losses and economic damages under the securities laws on Class members. Defendants, meanwhile, were able to dump billions of dollars' worth of ZoomInfo stock at artificially inflated prices before the truth was revealed.

CLASS ACTION ALLEGATIONS

128. Plaintiff brings this action as a class action on behalf of a class consisting of all persons who purchased ZoomInfo Class A common stock during the Class Period (the "Class"). Excluded from the Class are defendants and their families, the officers, directors, and affiliates of defendants, at all relevant times, and members of their immediate families, and their legal representatives, heirs, successors, or assigns, and any entity in which defendants have or had a controlling interest.

129. The members of the Class are so numerous that joinder of all members is impracticable. Throughout the Class Period, ZoomInfo Class A common stock was actively traded on the NASDAQ. While the exact number of Class members is unknown to plaintiff at this time and can only be ascertained through appropriate discovery, plaintiff believes that there are thousands of members in the proposed Class. Record owners and other members of the Class may be identified from records maintained by ZoomInfo or its transfer agent and may be notified of the pendency of this action by mail, using the form of notice similar to that customarily used in securities class actions, including being given an opportunity to exclude themselves from the Class.

130. Plaintiff's claims are typical of the claims of the members of the Class, as all members of the Class are similarly affected by defendants' wrongful conduct in violation of federal law that is complained of herein.

131. Plaintiff will fairly and adequately protect the interests of the members of the Class and has retained counsel competent and experienced in class and securities litigation.

132. Common questions of law and fact exist as to all members of the Class and predominate over any questions solely affecting individual members of the Class. Among the questions of law and fact common to the Class are:

(a) whether defendants' statements during the Class Period were materially false and misleading;

(b) whether defendants acted with scienter in issuing materially false and misleading statements during the Class Period; and

(c) the extent of injuries sustained by the members of the Class and the appropriate measure of damages.

133. A class action is superior to all other available methods for the fair and efficient adjudication of this controversy since joinder of all members is impracticable. Furthermore, as the damages suffered by individual Class members may be relatively small, the expense and burden of individual litigation make it impossible for members of the Class to individually redress the wrongs done to them. There will be no difficulty in the management of this action as a class action.

ADDITIONAL SCIENTER ALLEGATIONS

134. As alleged herein, defendants acted with scienter in that defendants knew, or recklessly disregarded, that the public documents and statements they issued and disseminated during the Class Period to the investing public in the name of the Company, or in their own name, were materially false and misleading. Defendants knowingly and substantially participated or acquiesced in the issuance or dissemination of such statements and documents as primary violations of the federal securities laws. Defendants, by virtue of their receipt of information reflecting the true facts regarding ZoomInfo, and their control over and/or receipt and/or modification of ZoomInfo's allegedly materially misleading misstatements, were active and culpable participants in the fraudulent scheme alleged herein.

1 135. Defendants knew and/or recklessly disregarded the false and misleading nature of
2 the information they caused to be disseminated to the investing public. The fraudulent scheme
3 described herein could not have been perpetrated during the Class Period without the knowledge
4 and complicity of, or at least the reckless disregard by, personnel at the highest levels of the
5 Company, including the Individual Defendants.

6 136. The Individual Defendants, because of their positions with ZoomInfo, controlled
7 the contents of ZoomInfo's public statements during the Class Period. The Individual Defendants
8 were each provided with or had access to the information alleged herein to be false and/or
9 misleading prior to or shortly after its issuance and had the ability and opportunity to prevent its
10 issuance or cause it to be corrected. Because of their positions and access to material, nonpublic
11 information, the Individual Defendants knew or recklessly disregarded that the adverse facts
12 specified herein had not been disclosed to and were being concealed from the public and that the
13 positive representations that were being made were false and misleading. As a result, each of the
14 defendants is responsible for the accuracy of ZoomInfo's corporate statements and is, therefore,
15 responsible and liable for the representations contained therein.

16 137. In addition, the specific actions underlying the fraud alleged herein could not have
17 occurred without the Individual Defendants' knowledge. For example, ZoomInfo's widespread
18 inclusion of manipulative and coercive auto-renew policies within its subscription agreements to
19 increase customer retention could not have occurred without approval of such provisions or other
20 involvement by the Individual Defendants. In addition, the use of ZoomInfo's legal team to strong-
21 arm large swaths of ZoomInfo's customer base into renewing contracts that the Company's
22 customers did not want would have required the Individual Defendants' approval and/or direct
23 involvement. Similarly, ZoomInfo's decision to induce customers to sign up for its products and
24 services even though they had a high likelihood of non-payment through a credit program would
25 have needed the direct participation or at the very least the approval of the Individual Defendants.

138. Moreover, each of the Individual Defendants and the Sponsor Defendants had the motive and opportunity to commit fraud during the Class Period. While the price of ZoomInfo Class A common stock was artificially inflated, defendants Carlyle and TA Associates sold more than **\$7.3 billion** in ZoomInfo shares, including through multiple registered public stock offerings. Defendant Schuck also sold more than **\$1.1 billion** in ZoomInfo stock, including through the sale of shares held by his investment vehicle, defendant DO Holdings. During the Class Period, defendant Hyzer likewise sold more than **\$35 million** in ZoomInfo shares. Defendants' billions of dollars' worth of insider sales were suspicious in both timing and amount, as nearly all were executed before any of the fraudulent information alleged herein was revealed to the market and were out of line with defendants' subsequent trading practices.

139. Finally, the turnover of several ZoomInfo executives around the time that ZoomInfo's customer base was deteriorating bolsters an already compelling inference of scienter. For example, in February 2023 ZoomInfo appointed David Justice to the position of Chief Revenue Officer, just three months after the Company disclosed it was experiencing increased "scrutiny" during the customer renewal process. Approximately eight months later, ZoomInfo announced that it was replacing David Justice with James Roth amid additional disclosures by the Company of a further degradation in its business. In addition, the sudden resignation of defendant Hyzer when ZoomInfo concurrently announced that it was incurring a \$33 million charge related to non-collections and implementing a new risk model at the end of the Class Period provides further indicia of defendants' scienter.

LOSS CAUSATION

140. During the Class Period, as detailed herein, defendants engaged in a scheme to deceive the market and a course of conduct that artificially inflated the price of ZoomInfo Class A common stock and operated as a fraud or deceit on Class Period purchasers of ZoomInfo Class A common stock by failing to disclose and misrepresenting the adverse facts detailed herein. When defendants' prior misrepresentations and fraudulent conduct were disclosed and became apparent

1 to the market, the price of ZoomInfo Class A common stock declined significantly on numerous
2 occasions as the prior artificial inflation came out of the price of the stock, as detailed herein. As
3 result of their purchases of ZoomInfo Class A common stock during the Class Period, plaintiff and
4 other members of the Class suffered economic loss, *i.e.* damages, under the federal securities laws.

5 **APPLICATION OF THE PRESUMPTION OF RELIANCE:**
6 **FRAUD ON THE MARKET**

7 141. At all relevant times, the market for ZoomInfo Class A common stock was an
8 efficient market for the following reasons, among others:

9 (a) ZoomInfo Class A common stock met the requirements for listing and was
10 listed and actively traded on the NASDAQ, a highly efficient, national stock market;

11 (b) as a regulated issuer, ZoomInfo filed periodic public reports with the SEC;

12 (c) according to the Company's Form 10-K for the fiscal year ended December
13 31, 2023, ZoomInfo had approximately 380 million shares of Class A common stock outstanding
14 as of January 31, 2023;

15 (d) ZoomInfo regularly communicated with public investors via established
16 market communication mechanisms, including the regular dissemination of press releases on
17 national circuits of major newswire services, the Internet, and other wide-ranging public
18 disclosures; and

19 (e) unexpected material news about ZoomInfo was rapidly reflected in and
20 incorporated into prices for the Company's shares of Class A common stock during the Class
21 Period.

22 142. As a result of the foregoing, the market for ZoomInfo Class A common stock
23 promptly digested current information regarding ZoomInfo from all publicly available sources and
24 reflected such information in the price of the stock. Under these circumstances, all purchasers of
25 ZoomInfo Class A common stock during the Class Period suffered similar injury through their
26

1 purchases of ZoomInfo Class A common stock at artificially inflated prices and a presumption of
2 reliance applies.

3 143. A Class-wide presumption of reliance is also appropriate in this action under the
4 Supreme Court's holding in *Affiliated Ute Citizens v. United States*, 406 U.S. 128 (1972), because
5 the Class's claims are, in large part, grounded on defendants' material misstatements and/or
6 omissions. Because this action involves defendants' failure to disclose material adverse
7 information regarding the Company's business operations and financial prospects – information
8 that defendants were obligated to disclose – positive proof of reliance is not a prerequisite to
9 recovery. All that is necessary is that the facts withheld be material in the sense that a reasonable
10 investor might have considered them important in making investment decisions. Given the
11 importance of the Class Period material misstatements and omissions set forth above, that
12 requirement is satisfied here.

13 NO SAFE HARBOR

14 144. The statutory safe harbor provided for forward-looking statements under certain
15 circumstances does not apply to any of the allegedly false statements pled in this complaint. Many
16 of the specific statements pled herein were not identified as “forward-looking statements” when
17 made. To the extent there were any forward-looking statements, there were no meaningful
18 cautionary statements identifying important factors that could cause actual results to differ
19 materially from those in the purportedly forward-looking statements. Alternatively, to the extent
20 that the statutory safe harbor does apply to any forward-looking statements pled herein, defendants
21 are liable for those false forward-looking statements because at the time each of those forward-
22 looking statements was made, the particular speaker knew that the particular forward-looking
23 statement was false and/or the forward-looking statement was authorized and/or approved by an
24 executive officer of ZoomInfo who knew that those statements were false when made.

COUNT I

**For Violation of §10(b) of the 1934 Act and
Rule 10b-5 Promulgated Thereunder
Against ZoomInfo and the Individual Defendants**

145. Plaintiff repeats and realleges each and every allegation contained in the foregoing paragraphs as if fully set forth herein.

146. During the Class Period, defendants disseminated or approved the false statements specified above, which they knew or deliberately disregarded were misleading in that they contained misrepresentations and failed to disclose material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading.

147. Defendants violated §10(b) of the 1934 Act and Rule 10b-5 in that they:

(a) employed devices, schemes, and artifices to defraud;

(b) made untrue statements of material fact or omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; or

(c) engaged in acts, practices, and a course of business that operated as a fraud or deceit upon plaintiff and others similarly situated in connection with their purchases of ZoomInfo Class A common stock during the Class Period.

148. Plaintiff and the Class have suffered damages in that, in reliance on the integrity of the market, they paid artificially inflated prices for ZoomInfo Class A common stock. Plaintiff and the Class would not have purchased ZoomInfo Class A common stock at the prices they paid, or at all, if they had been aware that the market price had been artificially and falsely inflated by defendants' misleading statements.

149. As a direct and proximate result of defendants' wrongful conduct, plaintiff and the other members of the Class suffered damages in connection with their purchases of ZoomInfo Class A common stock during the Class Period.

COUNT II

**For Violation of §20(a) of the 1934 Act
Against All Defendants**

150. Plaintiff repeats and realleges each and every allegation contained in the foregoing paragraphs as if fully set forth herein.

151. The Individual Defendants and the Sponsor Defendants acted as controlling persons of ZoomInfo within the meaning of §20(a) of the 1934 Act. By reason of their positions with the Company, and their ownership of ZoomInfo stock and control of ZoomInfo's Board, the Individual Defendants and the Sponsor Defendants had the power and authority to cause ZoomInfo to engage in the wrongful conduct complained of herein. The Individual Defendants and the Sponsor Defendants also controlled ZoomInfo for the additional reasons detailed herein, including by way of the various agreements among these defendants and the Company that concentrated and increased their power and control over the Company. ZoomInfo controlled the Individual Defendants and all of its employees. By reason of such conduct, defendants are liable pursuant to §20(a) of the 1934 Act.

PRAYER FOR RELIEF

WHEREFORE, plaintiff prays for relief and judgment, as follows:

A. Designating plaintiff as Lead Plaintiff and declaring this action to be a class action properly maintained pursuant to Rule 23 of the Federal Rules of Civil Procedure and plaintiff's counsel as Lead Counsel;

B. Awarding compensatory damages in favor of plaintiff and the other Class members against all defendants, jointly and severally, for all damages sustained as a result of defendants' wrongdoing, in an amount to be proven at trial, including interest thereon;

C. Awarding plaintiff and the Class their reasonable costs and expenses incurred in this action, including counsel fees and expert fees; and

1 D. Awarding such equitable/injunctive or other relief as the Court may deem just and
2 proper, including permitting any putative Class members to exclude themselves by requesting
3 exclusion through noticed procedures.

4 **JURY DEMAND**

5 Plaintiff hereby demands a trial by jury.

6 DATED: September 4, 2024

KELLER ROHRBACK L.L.P.

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**CERTIFICATION OF NAMED PLAINTIFF
PURSUANT TO FEDERAL SECURITIES LAWS**

City of Pontiac Police and Fire Retirement System ("Plaintiff") declares:

1. Plaintiff has reviewed a complaint and authorized its filing.
2. Plaintiff did not acquire the security that is the subject of this action at the direction of plaintiff's counsel or in order to participate in this private action or any other litigation under the federal securities laws.
3. Plaintiff is willing to serve as a representative party on behalf of the class, including providing testimony at deposition and trial, if necessary.
4. Plaintiff has made the following transaction(s) during the Class Period in the securities that are the subject of this action: *See attached Schedule A.*
5. Plaintiff has not sought to serve or served as a representative party in a class action that was filed under the federal securities laws within the three-year period prior to the date of this Certification except as detailed below:
Grobler v. Inotiv, Inc., No. 4:22-cv-00045 (N.D. Ind.)
6. Plaintiff will not accept any payment for serving as a representative party on behalf of the class beyond the Plaintiff's pro rata share of any recovery, except such reasonable costs and expenses (including lost wages) directly relating to the representation of the class as ordered or approved by the court.

I declare under penalty of perjury that the foregoing is true and correct.

Executed this 4th day of September, 2024.

City of Pontiac Police and Fire Retirement
System

By: _____

Its: _____

SCHEDULE A**SECURITIES TRANSACTIONS****Stock**

<u>Date Acquired</u>	<u>Amount of Shares Acquired</u>	<u>Price</u>
06/16/2023	1,957	\$26.82
09/15/2023	190	\$17.22
03/15/2024	385	\$15.99
<u>Date Disposed</u>	<u>Amount of Shares Disposed</u>	<u>Price</u>
01/22/2024	295	\$15.77
06/21/2024	253	\$12.29

Prices listed are rounded to two decimal places.